



# STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

## **Rockford Memorial Hospital** **Project Overview**

Rockford Memorial Hospital has submitted (3) three applications for your approval: Project #15-038, Project #15-039 and Project #15-040. We are providing this overview to explain how the State Board Staff reviewed these applications.

These three applications propose to discontinue certain services at an existing hospital (Rockford Memorial Hospital - Rockton Avenue - #15-038) and establish a hospital approximately ten (10) minutes from the Rockton Avenue location in Rockford Township, Winnebago County, Illinois, (#15-039). A third application (#15-040) was filed to construct a medical clinics building adjacent to the hospital located in Rockford Township, Winnebago County, Illinois and attached to the hospital.

The applications were **not** reviewed as a relocation of services from one location to another as presented in the applications. These applications are being reviewed as **stand-alone** applications using the calculated area-wide bed need as the basis for determining the need for the category of service and beds proposed to be discontinued and established. **Board Rules required the Board Staff** to review Project #15-038 as a discontinuation of services and to determine whether the discontinuation of services would result in a need in the B-01 Hospital Planning Area. Board rules also required Board Staff to review Project #15-039 as the establishment of another hospital in the B-01 Hospital Planning Area and to determine if there is need for this hospital.

The Board Staff also notes if the State Board should approve these two (2) projects the hospitals will be licensed under one license as allowed under Illinois Hospital Licensing Act (210 ILCS 85/4.5) (a) that states "*A hospital located in a county with fewer than 3,000,000 inhabitants may apply to the Department for approval to conduct its operations from more than one location within the county under a single license.*" This statute **has no bearing** on whether there is a need for another hospital in the B-01 Hospital Planning Area and was not considered in reviewing these applications.

A public hearing was held on September 17, 2015 for all three applications. A number of letters of support and opposition were received by the State Board Staff.

The table below outlines the existing services at Rockford Memorial Hospital-Rockton Avenue Campus. The table also documents the proposed services at the Rockton Avenue Campus and the Riverside Campus should projects #15-038 and #15-039 be approved. Finally should these projects be approved the combined totals for both campuses and the number of beds discontinued are shown.

Department/Service	Existing Rockford Memorial Hospital	If Approved			Beds Discontinued
		Rockton Avenue Campus	Riverside Campus	Combined	
<b>Total Beds</b>	391 Beds	94 Beds	188 Beds	282 Beds	109 Beds
<b>Medical/Surgical</b>	223 Beds	70 Beds	84 Beds	154 Beds	69 Beds
<b>Pediatric</b>	35 Beds	0	12 Beds	12 Beds	23 Beds
<b>ICU</b>	25 Beds	4 Beds	18 Beds	22 Beds	2 Beds
<b>PICU</b>	7 Beds	0	8 Beds	8 Beds	
<b>Obstetrics</b>	35 Beds	0	20 Beds	20 Beds	15 Beds
<b>Neonatal</b>	46 Beds	0	46 Beds	46 Beds	
<b>Acute Mental Illness</b>	20 Beds	20 Beds	0	20 Beds	
<b>Observation Beds</b>	16 Beds	16 Beds	0	16 Beds	
<b>LDR</b>	4 Rooms	0	4 Rooms	4 Rooms	
<b>Newborn Nursery</b>	26	0	10	10	
<b>OB Triage</b>	0	0	1 Room	1 Room	
<b>Open Heart Surgery</b>	Yes	0	Yes	Yes	
<b>Cardiac Catheterization</b>	2 Labs	0	2 Labs	2 Labs	
<b>Surgery</b>	14 Rooms	4 Rooms	10 Rooms	14 Rooms	
<b>C-Section Suite</b>	2 Rooms	0	2 Rooms	2 Rooms	
<b>Endoscopy</b>	6 Rooms	0	3 Rooms	3 Rooms	
<b>Bronchoscopy</b>	1 Room	0	1 Room	1 Room	
<b>PACU/Recovery</b>	32 Stations	16 Stations	15 Stations	31 Stations	
<b>Shared Recovery</b>	0	0	43 Stations	43 Stations	
<b>Emergency Department</b>	29 Stations	17 Stations	10 Stations	27 Stations	
<b>Convenient Care</b>	8 Stations	8 Stations	6 Stations	14 Stations	
<b>Imaging</b>					
<b>General Radiology</b>	5 Units	1 Unit	3 Units	4 Units	
<b>CT</b>	3 Units	1 Unit	2 Units	3 Units	
<b>MRI</b>	3 Units	1 Unit	2 Units	3 Units	
<b>Ultrasound</b>	3 Units	1 Unit	3 Units	4 Units	
<b>Nuclear Medicine</b>	3 Units	0	1 Units	1 Unit	
<b>Mammography</b>	4 Units	1 Unit	None	1 Unit	
<b>Angiography</b>	2 Units	0	3 Units	3 Units	
<b>PET</b>	1 Unit	0	0	None	
<b>Linear Accelerator</b>	1 Unit	1 Unit	0	1 Unit	
<b>Laboratory</b>	Yes	Yes	Yes	Yes	
<b>Sleep Lab</b>	1 Room	1 Room	0	1 Room	
<b>Inpatient Dialysis</b>	Yes	Yes	Yes	Yes	
<b>Pharmacy</b>	Yes	Yes	Yes	Yes	
<b>Wound Care</b>	1 Room	1 Room	0	1 Room	
<b>Respiratory Therapy</b>	Yes	Yes	Yes	Yes	
<b>PT/OT</b>	Yes	Yes	Yes	Yes	



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<b>DOCKET NO:</b> H-01	<b>BOARD MEETING:</b> November 17, 2015	<b>PROJECT NO:</b> 15-038	<b>PROJECT COST:</b> Original: \$9,993,299
<b>FACILITY NAME:</b> Rockford Memorial Hospital-Rockton Campus		<b>CITY:</b> Rockford	
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA: I</b>

**PROJECT DESCRIPTION:** The applicants' (Interstate Alliance, Inc. d/b/a Mercy Rockford Health System, Rockford Health System, Rockford Memorial Hospital) are proposing to discontinue some clinical services and modernize specific areas at the Rockton Avenue campus of Rockford Memorial Hospital. The anticipated project cost is \$9,993,299. **The anticipated project completion date is June 30, 2020.**

## **EXECUTIVE SUMMARY**

### **PROJECT DESCRIPTION:**

- The applicants' (Interstate Alliance, Inc. d/b/a Mercy Rockford Health System, Rockford Health System, Rockford Memorial Hospital) are proposing to discontinue one hundred fifty-three (153) medical surgical beds, twenty-eight (28) intensive care beds, thirty-five (35) pediatric bed category of service, thirty-five (35) obstetric bed category of service, forty-six (46) neonatal bed category of service, cardiac catheterization category of service, open heart surgery category of service, ten (10) operating rooms, and fourteen (14) emergency department rooms/stations at the Rockford Memorial Hospital-Rockton Campus.
- In addition if this project is approved Rockford Memorial Hospital – Rockton Campus will modernize seventy (70) medical surgical beds, four (4) intensive care beds, sixteen (16) observation beds, four (4) surgery suites, a comprehensive emergency department, a convenient care clinic, diagnostic imaging, infusion therapy, a cancer center with a linear accelerator, and other related services. The twenty (20) bed acute mental illness category of service will remain at the Rockton Avenue campus but is not being modernized at this time. The anticipated project cost is \$9,993,299. **The anticipated project completion date is June 30, 2020.**

### **WHY THE PROJECT IS BEFORE THE STATE BOARD:**

- The project is before the State Board because the project proposes to discontinue certain categories of service.

### **PURPOSE OF THE PROJECT:**

- The purpose of the project is to modernize services at the Rockford Memorial Hospital - Rockton Avenue Campus and discontinue certain categories of service.

### **PRIOR PROJECTS:**

- **Permit #00-057** – Modernize and Expand Existing Surgery Department at a cost of \$4.3 million approved October 2000.
- **Exemption #E-038-14** - Rockford Memorial Hospital was approved for a change of ownership in December of 2014 by the State Board. As part of this change of ownership the applicants (Interstate Alliance, Inc.) committed over the next five (5)-year period to make available to the Rockford Entities Rockford Memorial Hospital, Rockford Health Physicians, Visiting Nurses Association of the Rockford Area, Rockford Memorial Development Foundation, Rockford Health System Ventures, LLC, and Rockford Health Insurance Ltd. an aggregate amount of at least \$250 million for purposes of routine capital and growth capital.

### **PUBLIC HEARING/COMMENT**

- A public hearing was conducted on September 17, 2015. 121 individuals registered. 103 individuals registered their support, 15 individuals registered their opposition and 3 individuals were neutral or expressed no opinion.

**CONCLUSIONS:**

- The applicants addressed 17 criteria and have failed to meet the following:

<b>State Board Standards Not Met</b>	
<b>Criteria</b>	<b>Reasons for Non-Compliance</b>
<b>77 IAC 1110.130 - Discontinuation</b>	The discontinuation of the 28 ICU beds is not warranted because the discontinuation will create a need for 34 ICU beds in the B-01 planning area. The discontinuation of the 46 neonatal beds is not warranted because this service is not provided at the other hospitals in the B-01 Hospital Planning Area.
<b>77 IAC 1110.234 (a) - Size of Project</b>	The applicants have not met the State Board's size standards for intensive care, surgery rooms, PACU and recovery, and imaging. The applicants' state the reason for the excess is the individual departments are being downsized in existing space resulting in the departments exceeding the State Standard.
<b>77 IAC 1110.234 (b) - Projected Utilization</b>	Average historical utilization does not justify the proposed 70 medical surgical beds. Average Historical utilization will justify 47 medical surgical beds at the State Board's target occupancy of 75%.
<b>77 IAC 1110.530 (e) - Modernization</b>	Based upon average historical utilization the applicants will not be at target occupancy for medical surgical beds at the Rockton Avenue campus.

**STATE BOARD STAFF REPORT**  
**Project #15-038**  
**Rockford Memorial Hospital-Rockton Avenue Campus**

<b>APPLICATION SUMMARY/CHRONOLOGY</b>	
Applicants(s)	Interstate Alliance, Inc. d/b/a Mercy Rockford Health System, Rockford Health System, Rockford Memorial Hospital
Facility Name	Rockford Memorial Hospital-Rockton Campus
Location	2400 Rockton Avenue, Rockford, Illinois
Permit Holder	Interstate Alliance, Inc. d/b/a Mercy Rockford Health System
Operating Entity	Rockford Memorial Hospital
Owner of Site	Rockford Memorial Hospital
Bes/Services Discontinued	153 Medical Surgical Beds, 28 Intensive Care Beds, 35 Pediatric Beds, 46 Neonatal Intensive Care Beds, 35 Obstetric Beds, Cardiac Catheterization Service, Open Heart category of service
Beds	70 Medical Surgical Beds, 4 Intensive Care Beds, 20 Acute Mental Illness Beds, 16 Observation Beds
Total Gross Square Feet	791,489 GSF
Application Received	August 18, 2015
Application Deemed Complete	August 19, 2015
Financial Commitment Date	November 15, 2017
Completion Date	June 30, 2020
Review Period Ends	October 18, 2015
Review Period Extended by the State Board Staff?	No
Can the applicants request a deferral?	Yes
Public Hearing Date	September 17, 2015

**I. The Proposed Project**

The applicants are proposing to discontinue clinical and nonclinical services and modernize services at a cost of \$9,993,300 at Rockford Memorial Hospital-Rockton Avenue campus. The anticipated completion date is June 30, 2020

**II. Summary of Findings**

- A. The State Board Staff finds the proposed project **does not** appear to be in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

**III. General Information**

The applicants are Interstate Alliance, Inc. d/b/a Mercy Rockford Health System, Rockford Health System, and Rockford Memorial Hospital. Interstate Alliance, Inc. is the sole corporate member of Rockford Health System. Rockford Memorial Hospital is a 391 acute care hospital in Rockford, Illinois. This is a substantive project subject to an

1110 and 1120 review. Project obligation/financial commitment will occur after project completion.

#### IV. **B-01 Hospital Planning Area**

**Rockford Memorial Hospital** is located in the HSA I Health Service Area and the B-01 hospital planning area. HSA I consists of the Illinois Counties of Boone, Carroll, DeKalb, Jo Daviess, Lee, Ogle, Stephenson, Whiteside, and Winnebago and the **B-01 Hospital Planning Area** consists of Boone and Winnebago Counties; DeKalb County Townships of Franklin, Kingston, and Genoa; Ogle County Townships of Monroe, White Rock, Lynnville, Scott, Marion, Byron, Rockvale, Leaf River and Mount Morris.

The State Board has **calculated an excess** of two hundred eighty-three (283) medical surgical pediatric beds, forty (40) obstetric beds, and a **need** for six (6) intensive care beds in the B-01 Hospital Planning Area by CY 2018. In addition there is a need for eleven (11) acute mental illness beds in the Acute Mental Illness Planning Area I. There is no bed need calculation for neonatal beds. There are four (4) acute care hospitals in the B-01 Hospital Planning Area: Rockford Memorial Hospital, Swedish American Hospital, Swedish American Medical Center-Belvidere, and OSF Saint Anthony Medical Center. At the conclusion of this report is the 2014 utilization information for the categories of service of the hospitals in the B-01 Hospital Planning Area. Not one of hospitals in the B-01 Hospital Planning Area are at target occupancy for all bed services offered by the hospitals except intensive care services at St. Anthony Medical Center.

**The Illinois Department of Public Health** is estimating a compounded annual growth in the population in the B-01 Planning Area of less than 1% for the years 2013-2018. The compounded annual growth for ages 65-74 is approximately 4% and the 75 and over population is 2.8% compounded annually.

**The B-01 Planning Area** has seen a compounded annual decrease in the number of medical surgical days of 1.7%, intensive care patient days of 4.13%, a compounded annual decrease in outpatient visits of 2.15%, and a compounded annual increase in emergency care visits of 2.64% from CY2010 to CY2014.

**Rockford Memorial Hospital - Rockton Campus** has seen a compounded annual decrease in the number of inpatient days in medical surgical beds of 1.2% for the period CY2010-CY2014, a decrease in intensive care inpatient days of 2.51% during this same period, a compounded annual increase in acute mental illness days of 8.52% and an increase in emergency department visits of 3.31% compounded annually. Surgery rooms have seen the number of hours decrease at an annual compounded rate of approximately of 1%.

## V. Project Costs and Sources of Funds

The applicants are funding this project with cash of \$9,993,300

<b>TABLE ONE</b>			
<b>Project Costs and Sources of Funds</b>			
<b>Project Costs</b>	<b>Clinical</b>	<b>Non Clinical</b>	<b>Total</b>
Preplanning Costs	\$80,000	\$70,000	\$150,000
Modernization Contracts	\$2,546,685	\$2,793,785	\$5,340,470
Contingencies	\$169,780	\$620,022	\$789,802
Architectural and Engineering Fees	\$271,647	\$341,381	\$613,028
Consulting and Other Fees	\$55,000	\$45,000	\$100,000
Movable or Other Equipment	\$2,500,000	\$500,000	\$3,000,000
<b>Total</b>	<b>\$5,623,112</b>	<b>\$4,370,188</b>	<b>\$9,993,300</b>
Cash and Securities	\$5,623,112	\$4,370,188	\$9,993,300
<b>Total</b>	<b>\$5,623,112</b>	<b>\$4,370,188</b>	<b>\$9,993,300</b>

## VI. Cost Space Requirements

The applicants are proposing approximately 182,000 GSF of clinical space and approximately 609,000 GSF of non-clinical space at the Rockton Avenue campus. Currently there is a total of 1,062,000 GSF at the Rockton Avenue campus.

<b>TABLE TWO</b>							
<b>Costs Space Requirements</b>							
<b>Department/Area</b>	<b>Costs</b>	<b>Gross Square Footage</b>		<b>Amount Proposed Total Gross Square Footage</b>			
		<b>Existing</b>	<b>Proposed</b>	<b>New</b>	<b>Modernized</b>	<b>As Is</b>	<b>Vacated</b>
<b>Remaining Clinical Services</b>							
Medical Surgical (70 beds)	\$1,799,396	75,166	32,513		32,513		42,653
Observation (16 beds)	\$224,924	11,050	17,140		11,503	5,637	
Surgery (4 OR Rooms)	\$1,237,085	21,670	21,670		5,500	16,170	
PACU Prep Recovery (16 Rooms)		7,995	7,995			7,995	
Obstetrics		22,883					22,883
Acute Mental Illness (20 beds)		10,731	10,731			10,731	
Convenient Care (8 Stations)	\$393,618	3,560	5,012		5,012		3,560
PT/OT	\$56,231	1,430	2,604		2,604		
Emergency Department (17 Stations)	\$1,349,547	20,012	15,000		15,000		5,012
Imaging (4 Rooms)		23,774	23,774			23,774	
Laboratory		16,217	14,873			14,873	1,344
Respiratory Therapy		3,480	3,480			3,480	
Sleep Lab		4,835					4,835
Labor Delivery Recovery		13,318					13,318
Oncology		11,600	11,600			11,600	
ICU-Adult (4 Beds)	\$449,849	9,800	5,586		5,586		
PICU		3,520					3,520



**TABLE TWO**  
**Costs Space Requirements**

Department/Area Remaining Clinical Services	Costs	Gross Square Footage		Amount Proposed Total Gross Square Footage			
		Existing	Proposed	New	Modernized	As Is	Vacated
Pediatrics Unit		16,040					16,040
Cardiac Catheterization		4,893					4,893
Endoscopy		7,901					7,901
NICU		13,817					13,817
Inpatient Dialysis		1,699	1,699			1,699	
Pharmacy		7,031	7,031			7,031	
Wound Care	\$112,462	3,591	1,535		1,535		2,056
<b>Total</b>	<b>\$5,623,112</b>	<b>316,013</b>	<b>182,243</b>		<b>79,253</b>	<b>102,990</b>	<b>141,832</b>
<b>Non Reviewable</b>							
Physician Offices	\$1,354,758	64,138	43,400		43,400		40,570
Not for Profit Agencies	\$1,200,000		207,000		207,000		
Administrative	\$917,737	41,363	34,668		34,668		
IT	\$698,397	9,759	7,342		7,342		2,417
Education	\$43,702	4,316	3,800		3,800		516
Medical Records Storage		9,488					9,488
Optical Shop	\$30,591	383	400		400		
School of Radiology		2,280					2,280
Hospitalists	\$6,000	2,143	1,000		1,000		1,143
Pastoral Care	\$15,000	1,019	1,000		1,000		19
Guest Rooms NICU	\$35,000	2,956	3,000		3,000		
On-call rooms	\$9,000	3,745	1,500		1,500		2,245
LT Nurses Travel Rooms	\$6,000	2,044	1,000		1,000		1,044
Case Management	\$10,000	2,120	800		800		1,320
Volunteers	\$20,000	1,325	1,500		1,500		
Corporate Offices	\$24,000	3,601	3,601		3,601		
Non Project Areas		595,667	299,235			299,235	
Unassigned Space							67,997
<b>Total Non Clinical</b>	<b>\$4,370,185</b>	<b>746,347</b>	<b>609,246</b>		<b>310,011</b>	<b>299,235</b>	<b>129,039</b>
<b>Total</b>	<b>\$9,993,297</b>	<b>1,062,360</b>	<b>791,489</b>		<b>389,264</b>	<b>402,225</b>	<b>270,871</b>

## **VII. Section 1110.530 – Background of Applicants**

### **A) Criterion 1110.530 (b) (1) (3) - Background of Applicant**

The applicants are Interstate Alliance, Inc. d/b/a Mercy Rockford Health System and Rockford Memorial Hospital. Interstate Alliance, Inc. is an Illinois not for profit corporation, incorporated under the laws of the state on October 24, 2014 and is in good standing with the Illinois Secretary of State. Interstate Alliance Inc. has been approved to transact business under the assumed corporate name of Mercy Rockford Health System. Rockford Memorial Hospital, is an Illinois not for profit corporation incorporated under the laws of the State of Illinois on December 15, 1883, and is in good standing with the Illinois Secretary of State.

The proposed location of the hospital is in compliance with the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) that no significant historic, architectural or archaeological resources are located within the proposed project location. In addition the proposed project is not in a flood plain zone per Executive Order #2006-05. The applicants have provided all of the necessary reports and data as required by the State Board and the Illinois facilities owned by the applicants are in currently in compliance with Medicare and IDPH licensing requirements.

The applicants have attested that they do not have any adverse actions against any facility owned and operated by the applicants during the three year period prior to the filing of this application, and authorizes the State Board and the Illinois Department of Public Health to access any information to verify documentation or information submitted in response to the requirements of Review Criterion 77 IAC 1110.530 (b) or to obtain any documentation or information which the State Board or the Illinois Department of Public Health finds pertinent to this application.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BACKGROUND OF APPLICANT (77 IAC 1110.530 (b) (1) (3))**

## **VIII. Section 1110.130 - Discontinuation**

The applicants' are proposing to discontinue one hundred fifty-three (153) medical surgical beds, twenty-eight (28) intensive care beds, thirty-five (35) bed pediatric service, thirty-five (35) bed obstetric service, forty-six (46) bed neonatal service, cardiac catheterization service, open heart category of service, PET service, ten (10) operating rooms, and fourteen (14) emergency department rooms/stations at the Rockford Memorial Hospital-Rockton Campus. Medical records will be removed to an off-site location. Should Project #15-038 be approved the Rockton Avenue campus will have seventy (70) medical surgical beds, four (4) intensive care beds, twenty (20) acute mental illness beds, sixteen (16) observation beds, a seventeen (17) station comprehensive emergency department, and a cancer center.

**A) Criterion 1110.130 (a) - Discontinuation of Categories of Services and Acute Care Beds**

The applicants are proposing to discontinue one hundred fifty-three (153) medical surgical beds, a thirty-five (35) bed pediatric category of service, a thirty-five (35) bed obstetric category of service, twenty-eight (28) intensive care beds, a forty-six (46) bed neonatal category of service, a cardiac catheterization category of service and an open heart category of service.

- The discontinuation of the one hundred fifty-three (153) medical surgical beds is justified because of the calculated excess of two hundred eighty-three (283) medical surgical/pediatric beds in the B-01 planning area. Seventy (70) medical surgical beds will remain at the Rockton campus.
- The discontinuation of the thirty-five (35) bed pediatric category of service is justified based upon the calculated excess of two hundred eighty-three (283) medical surgical/pediatric beds in the B-01 planning area.
- The discontinuation of the twenty-eight (28) intensive care beds at the Rockton campus is not justified given the calculated need of six (6) intensive care beds in the B-01 planning area. Four (4) intensive care beds will remain at the Rockton Avenue campus.
- The discontinuation of the thirty-five (35) bed obstetric category of service is justified based upon the calculated excess of forty (40) obstetric beds in the B-01 planning area.
- The discontinuation of forty-six (46) neonatal intensive care beds is not warranted because this is the only neonatal intensive care service in the B-01 planning area.
- The discontinuation of the cardiac catheterization category of service at the Rockton Avenue campus is warranted because the two facilities in Rockford (Swedish American Hospital and OSF St. Anthony Medical Center maintain cardiac catheterization service.
- The discontinuation of the open heart category of service is warranted given the low utilization of the service. In 2014 the Rockton Avenue campus performed 110 open heart procedures. (2014 Hospital Profile) Swedish American Hospital and OSF St. Anthony Medical Center maintain open heart programs.
- Level I Trauma Center Designation will be discontinued at the Rockton Avenue Campus. **The State Board does not have jurisdiction over the designation of emergency departments.** The Rockton Avenue campus will maintain a 17 station comprehensive emergency department. OSF St. Anthony Medical Center maintains a Level 1 Trauma Center designation in the City of Rockford.

## B) Criterion 1110.130 (b) - Reason for Discontinuation

- The applicants state the discontinuation is warranted based upon the age of the existing buildings and the need to modernize services to meet current standard of care at the Rockton Avenue campus. Over the past eleven (11) years the applicants have spent approximately \$15.5 million annually on maintenance of the Rockton Avenue campus as reported to the State Board (see 2004-2014 Capital Expenditure Reports). During this period only one capital project over \$5 million was undertaken.
- According to the applicants “The **main hospital building** consists of a number of components constructed between 1954 and 2002. This building contains all of the hospital's inpatient services and many of the outpatient services. The primary purpose of this building will not change with the proposed project.
- The **Rockford Medical Group Building** is immediately to the south of and connected to the hospital building. This building primarily houses physicians' office space and administrative space. These functions will continue to be provided in this building. These departments will be relocated as follows:
  - administrative offices to relocate to hospital building
  - corporate office to relocate to an off-site location
- **The Clinic Building** consists of approximately 207,000 square feet, was built between 1951 and 1991, and contains physicians' offices, a convenient care center, and hospital and system administrative functions. This building, located to the south of the hospital **will be vacated**, with physicians' offices and selective administrative functions relocating to the **Rockford Medical Group Building** and the remainder of the administrative functions relocating to the **main hospital building**. The **Clinic Building** will be made available to area not-for profit groups and agencies, and primarily those with a health care/wellness mission. These departments will be relocated as follows:
  - physician offices will be relocated to hospital building, multiple locations and Rockford Medical Building.
  - finance to hospital building, ground level.
  - the convenient care center to hospital building, 1<sup>st</sup> floor
  - billing to hospital building, 3rd floor
  - medical records storage to off-site location
  - wound care to hospital building, 1<sup>st</sup> floor
- **The North Office Building** was constructed in 1957, contains primarily administrative and physicians' offices, and **will be vacated** through the proposed project. The potential exists to demolish this building following the completion of the proposed project. These departments will be relocated as follows:
  - pediatric outpatient services will relocate to Riverside campus
  - financial services and marketing to vacated units in hospital building
  - volunteers to hospital building

- **The Ingersoll Building** is located on the west side of the hospital campus, separated by a large parking lot. This building was constructed in 1954 as a nurses' dormitory, currently houses administrative offices, sleep rooms and physicians' administrative offices, and **will be vacated**. These departments will be relocated as follows:
  - financial services, foundation office, education offices, hospitalists offices, pastoral care, on-call rooms, and risk management will relocate to vacated units in hospital building
  - radiology school will be relocated to Rockton Valley College
  - NICU parent rooms will be eliminated
- The applicants state *“on a routine basis, and in order to maintain Rockford Memorial Hospital – Rockton Campus the applicants annually invest \$6-7M on facility renovations and \$9-10M on equipment upgrades and replacement. These spending levels are anticipated to continue through the duration of the projects.” From 2004-2014 the applicants have spent on average approximately \$15.5 million dollars annually at the Rockton Avenue campus.*

#### **C) Criterion 1110.130 (c) - Impact on Access**

**To determine if the proposed discontinuation of services will have an adverse impact on access on the population of the facility’s market area the applicant must contact all facilities within 45 minutes (market area) of the proposed discontinuation asking the facilities to provide an impact statement regarding the proposed discontinuation. The factors that determine adverse impact on access to service for the population of the facility's market area include, but are not limited to, the following:**

- 1) The service will no longer exist within 45 minutes travel time of the applicant facility;
- 2) Discontinuation of the service will result in creating or increasing a shortage of beds or services, as calculated in the Inventory of Health Care Facilities, which is described in 77 Ill. Adm. Code 1100.70 and found on HFSRB's website;
- 3) Facilities or a shortage of other categories of service as determined by the provisions of 77 Ill. Adm. Code 1100 or other Sections of this Part.

The discontinuation of twenty-eight (28) intensive care beds will result in a need for additional intensive care beds in the B-01 planning area; and the discontinuation of the forty-six (46) neonatal beds will result in the neonatal intensive care service being discontinued in the B-01 Hospital Planning Area; therefore the discontinuation of these services is not warranted. The remaining services that are being discontinued pediatric, obstetric, open heart, and cardiac catheterization are being provided by other hospitals in the market area, therefore the discontinuation of these four services are warranted.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION DISCONTINUATION OF SERVICES (77 IAC 1110.130)**

**Letters of impact were received from the following hospitals regarding the discontinuation of services.**

**SwedishAmerican/Belvidere stated:**

*“This letter responds to your letter to Dr. William Gorski dated July 13, 2015 and received on July 15, 2015 advising that Rockford Memorial Hospital ("RMH") intends to establish a second general hospital in Rockford in addition to the existing RMH general hospital located at 2400 North Rockton Avenue. The letter indicates that RMH is considering the relocation of service from RMH's existing facility to the proposed second facility, including obstetrics, pediatrics, open heart surgery, cardiac catheterization and Level III nursery. SwedishAmerican Medical Center/Belvidere\SAMC/Belvidere, located at 1625 South State Street in Belvidere, currently provides medical/surgical and emergency department services. SAMC/Belvidere is located just east of the City of Rockford and the location of the proposed new hospital on the east side of Rockford would place it closer to SAMC/Belvidere. Due to the limited information provided in your letter, it is impossible to determine the impact the proposed project would have on SAMC/Belvidere. We are concerned that the establishment of a fourth hospital in Rockford by RMH, even with the discontinuation of some services at RMH's existing facility, would adversely impact utilization at existing facilities. Among other concerns, it appears that the new hospital would require inclusion of an emergency department but your letter does not mention such a department or its size and number of stations. Also, we question whether RMH's current patient base could support the establishment and operation of a second, new RMH hospital in the Rockford region and this also raises concerns as to the impact of the proposed project on SAMC/Belvidere. As your impact July 13th letter does not provide sufficient information for us to fully assess the impact of the proposed project, we must await further details concerning the project to assess the full impact of the proposed project on SAMC/Belvidere.”*

**SwedishAmerican Hospital stated:**

*“SwedishAmerican Hospital is located within four miles of RMH's existing hospital and, while your letter does not provide an address for the proposed project, the referenced location "on the east side of Rockford" would place the new facility in very close proximity to SwedishAmerican. Due to the limited information provided in your letter, it is impossible to determine the impact the proposed project would have on SwedishAmerican Hospital. For example, your letter does not advise whether the same number of beds, stations and cath labs are proposed to be established or whether a greater or lesser number will be proposed. We are concerned that the establishment of a fourth hospital in Rockford by RMH, even with the discontinuation of some services at the existing facility, would adversely impact utilization of existing facilities. Among other concerns, it appears that the new hospital would require inclusion of, at the least, an intensive care unit for the cardiac patients and an emergency department. Also, we question whether RMH's current patient base could support the establishment and operation of a second, new RMH hospital in Rockford and this also raises concerns as to the impact of the proposed project on SwedishAmerican Hospital. As your July 13th letter of the proposed project does not provide sufficient information for us to fully assess*

*the impact of the proposed project, we must await further details concerning the project to assess the full impact of the proposed project on SwedishAmerican Hospital.”*

**OSF Saint Anthony’s Medical Center stated:**

*“Thank you for your letter of July 13, 2015 providing US an opportunity, per 77 IAC 1110.130, to address the impact your proposed project may have on OSF Saint Anthony Medical Center. We believe the overall project(s) your letter references may have a negative impact, but would like to note that the impact of discontinuing the services alone would have no negative impact because we have capacity at our hospital to absorb the volume in obstetrics, pediatrics, cardiac catheterization and open heart surgery. Parenthetically, while we do not offer Level III nursery services, discontinuing that service without replacing it, may have a negative impact on our community served. While discontinuing the services referenced above will not have a negative impact on Saint Anthony's we are concerned about the impact of the replacement campus you propose, which is per your correspondence integral to the discontinuation of services your letter references. The replacement hospital will necessarily have to be a fully licensed hospital per the Illinois Hospital Licensing Act. As such, it would be required to operate an emergency department and presumably will offer laboratory, pharmacy, imaging and pathology services all of which would be duplicative of services offered at your main campus, Saint Anthony's and other area providers. We also have a number of questions that are unanswered. It appears you plan to discontinue catheterization services at your existing hospital. Does this mean that you would be unable to provide care to someone who is seen at your emergency department who might require catheterization for diagnostic or interventional purposes? Would the EMS System be required to take all patients suffering a possible cardiac event to either Saint Anthony's or Swedish American or would your second campus become the primary emergency department among your proposed two hospitals? In summary, we believe the overall project may have a negative impact on our services, and most likely will duplicate existing services. It is difficult to fully understand the extent of the impact given the information in your July 13 letter. We look forward to reviewing the Certificate of Need applications to discontinue your existing hospital services and establish a fourth hospital in Rockford, Illinois.”*

**Centegra Hospital – McHenry stated the following:**

*“We received your letter dated July 13, 2015 asking us to assess the impact of your proposal to discontinue the open heart and cardiac catheterization category of service at Rockford Memorial Hospital and to re-establish the services at a second hospital campus at the corner of I-90 and Riverside Blvd to Centegra Hospital - McHenry. Your letter does not provide sufficient information to assess the impact of the proposed project on our facility. In order to assess the impact that your proposed hospital will have upon our existing open heart surgery and cardiac catheterization volumes, I respectfully request that you provide us with additional information:*

- *Referring physicians and cardiac surgeons performing the 197 open heart cases as well as the patient origin of each of these open heart surgery patients.*

- Referring physicians and invasive cardiologists performing the 4,077 cardiac catheterization procedures as well as the patient origin of each of these cardiac catheterization patients.
- Projected geographic service area and other clinical services to be provided at the new second hospital campus.
- The number of proposed cath labs at the new facility.
- The street address of the new facility.”

**Rochelle Community Hospital provided two letters that stated the following:**

*“I am the Chief Executive Officer of Rochelle Community Hospital, located in Rochelle, Illinois, about 30 miles south of Rockford. RCB has a long-standing relationship with Rockford Memorial Hospital which has helped to insure access to high quality tertiary care for the communities our hospital serves. Of critical importance to our hospital and community are the regional pediatric and pediatric intensive care services provided by Rockford Memorial Hospital. Also key are the related neonatal and high risk obstetrical services provided by Rockford Memorial that insure access to Rochelle area residents. The planned relocation of these services to MercyRockford's Riverside campus, will improve convenience for patients and their families from the Rochelle area. Given that nearly two-thirds of Illinois Medicaid recipients are children, we believe that this improved access will materially and significantly benefit children who rely on Medicaid for their health care.”*

*“This letter is submitted as an amendment to the letter dated August 21, 2015 in reference to the above stated Projects proposed by MercyRockford Health System. In the letter dated August 21, it was stated that Rochelle Community Hospital is supportive of the relocation of pediatric (including pediatric intensive care), neonatal, high risk obstetrical and women's services to the new campus proposed by MercyRockford. We continue to support this initiative. However, it is now our understanding of the potential relocation of additional services above and beyond what is mentioned in the previous paragraph. We feel this would be a duplication of services already provided in this area. We currently have a relationship with another tertiary care provider for emergent and higher levels of care than we provide in Rochelle, and do not see added benefit for our patient population.”*

**IX. Section 1110.230 – Purpose, Safety Net Impact, Alternatives to the Project**

**A) Criterion 1110.230 (a) – Purpose of the Project**

**The applicants state the following:**

*“The purpose of the three inter-dependent projects addressed in this Certificate of Need application and the accompanying applications, is to provide for the continued delivery of needed health care services to the residents of the communities traditionally served by Rockford Memorial Hospital and to support this goal through the operating of contemporary facilities. By doing so, the applicants will be providing health services that improve the health care and well-being of the market area population to be served.*



*Through the projects, the applicants will be addressing the facility-related shortcomings of Rockford Memorial Hospital, caused primarily by the facility's age.” The table below outlines the applicants’ patient origin for 2014 at the Rockford Memorial Hospital-Rockton Avenue campus.*

<b>TABLE THREE</b>				
<b>Location of patients provided care at Rockford Memorial Hospital 2014 <sup>(1)</sup></b>				
<b>Zip Code</b>	<b>City</b>	<b>County</b>	<b>% of Patients</b>	<b>Planning Area</b>
61103	Rockford	Winnebago	13.30%	B-01
61101	Rockford	Winnebago	11.80%	B-01
61102	Rockford	Winnebago	6.50%	B-01
61115	Machesney Park	Winnebago	6.10%	B-01
61111	Loves Park	Winnebago	5.10%	B-01
61107	Rockford	Winnebago	4.70%	B-01
61104	Rockford	Winnebago	4.10%	B-01
61109	Rockford	Winnebago	4.00%	B-01
61108	Rockford	Winnebago	3.70%	B-01
61073	Roscoe	Winnebago	3.40%	B-01
61114	Rockford	Winnebago	3.20%	B-01
61032	Freeport	Stephenson	2.80%	B-02
61008	Belvidere	Boone	2.40%	B-01
61072	Rockton	Winnebago	2.10%	B-01
61088	Winnebago	Winnebago	1.80%	B-01
61080	South Beloit	Winnebago	1.70%	B-01
61065	Poplar Grove	Boone	1.20%	B-02
61063	Pecatonica	Winnebago	1.10%	B-01
61010	Byron	Ogle	1.10%	B-02
61024	Durand	Winnebago	1.00%	B-01
61081	Sterling	Whiteside	1.00%	B-03
61021	Dixon	Lee	0.90%	B-03
61068	Rochelle	Ogle	0.80%	B-02
61061	Oregon	Ogle	0.80%	B-02
61342	Mendota	LaSalle	0.80%	C-02
61054	Mount Morris	Ogle	0.60%	B-02
61019	Davis	Stephenson	0.60%	B-02
61071	Rock Falls	Whiteside	0.60%	B-03
53511	Beloit	Wisconsin	0.50%	Wisconsin
1. Information provided by the applicants in the application for permit				

## **B) Criterion 1110.230 (b) – Safety Net Impact Statement**

### **The applicants stated the following:**

*“Rockford Memorial Hospital is a regional provider of safety net services, and through the proposed projects, to maintain services at RMH-Rockton Avenue while initiating services at RMH Riverside, the ability to provide these services will be expanded. As examples of this expanded ability to provide safety net services, and among the programmatic offerings that RMH has committed to through this and the accompanying CON applications, are:*

- to maintain inpatient services at RMH-Rockton Avenue;
- to continue to operate a fully-staffed Emergency Department at RMH Rockton Avenue;
- to continue to operate one of the region's two Level I Trauma Centers, with the program relocating to RMH-Riverside;
- to continue to operate the area to make space available on the RMH-Rockton Avenue campus for not-for profit and community-based agencies that focus on the health care needs of the underserved or financially disadvantaged;
- to continue to operate the region's only NICU;
- to continue to operate with compliant and liberal financial assistance policies;
- to maintain its commitment to caring for the uninsured and Medicaid recipients.

*RMH is the area's largest provider of inpatient charity care services (Source: 2013 IDPH Hospital Profiles), both in terms the number of patients admitted and percentage of admissions. In addition, during 2013, RMH's charity care as a percentage of net revenue was 3.4%. Because of RMH's commitment to continue to operate all of its current inpatient and outpatient services, either at RMH-Riverside, or RMH-Rockton Avenue, or in its many outpatient centers located throughout the service area, the proposed projects will not adversely impact access to safety net services. Rather, through the development of the RMH-Riverside site, overall access will be improved."*

A response to the Safety Net Impact Statement was received from OSF Saint Anthony Medical Center by the State Board Staff. This response is attached at the end of this report.

<b>TABLE FOUR</b> <b>Rockford Memorial Hospital</b> <b>Charity and Medicaid Information</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>
Net Patient Service Revenue	\$314,128,727	\$314,090,683	\$323,042,795
Charity Patients			
Inpatient	882	973	955
Outpatient	3,287	4,013	5,686
Total	4,169	4,986	6,641
Charity \$ <sup>(1)</sup>			
Inpatient	\$6,268,048	\$7,462,976	\$2,456,931
Outpatient	\$2,695,492	\$3,307,849	\$2,323,022
Total	\$8,963,540	\$10,770,825	\$4,779,953
Medicaid Patients			
Inpatient	2,980	3,130	3,986
Outpatient	29,389	26,658	37,749
Total	32,369	29,788	41,735
Medicaid \$			
Inpatient	\$48,892,458	\$52,797,975	\$63,083,993
Outpatient	\$10,703,084	\$11,050,751	\$20,692,507
Total	\$59,595,542	\$63,848,726	\$83,776,500
% Charity Care Net Revenue	2.85%	3.43%	1.48%
% Medicaid to Net Revenue	18.97%	20.33%	25.93%
1. Per the applicants 2014 reduction in charity care is off-set by increased Medicaid, and			

<b>TABLE FOUR</b> <b>Rockford Memorial Hospital</b> <b>Charity and Medicaid Information</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>
is a result of the Implementation of the Affordable Care Act.			

### **C) Criterion 1110.230 (c) – Alternatives to the Proposed Project**

**The applicants provided the following information:**

#### **1. Alternative 1: Construct a New Hospital on the Current Rockford Memorial Hospital Site**

*The applicants commissioned AECOM, a firm with all required expertise, to evaluate the current RMH site, to determine if a new hospital could be constructed on the site, concurrent to the continued operation of the existing hospital. The determination was made that this alternative could not be accomplished in a reasonable fashion. Construction would require a phased program, involving demolition as well as construction, over a 6-8 year period, and with significant disruption to ongoing operations. **The estimated project cost of replacing RMH onsite is \$625-\$675M.** The quality of care associated with this alternative would be similar to that of the proposed project, the operating costs would be slightly less, and overall access in RMH's service area would be compromised with the operation of a single Emergency Department.*

#### **2. Alternative 2: Total Renovation of Rockford Memorial Hospital**

*An architectural and engineering evaluation of the current physical plant was conducted, and the determination was made that while some of the hospital's newer buildings could be renovated for continued use, given the ages of the buildings and the associated cost of doing so, this alternative did not appropriately address the purpose of the project. Due primarily to the age of the hospital and the design and construction standards that were in place at the time of construction (generally 1954-1975), even with extensive renovation, many contemporary standards could not be met. Examples of such include: ADA/ANSI standards that cannot be met, room heights that limit the installation of equipment, undersized elevators, and double-loaded corridors on nursing units that result in an inability to re-design units in an efficient and contemporary fashion. The project costs associated with **this alternative are estimated to be \$425-\$475M**, with the acknowledgement that numerous facility deficiencies, as discussed above, cannot be corrected. The operating costs associated with this project are anticipated to be similar to those of the proposed project, given that the mechanical systems associated with a renovated building would continue to be less efficient than those of a new building, and that the staffing costs would be slightly lower, due to eliminated duplication. The quality of care to be provided in conjunction with this alternative was anticipated to be virtually identical to that of the proposed project, and access to care was also viewed as being similar to that of the proposed project, given the existing site's proximity (14 minutes) to the proposed site on I-90/39 and Riverside Boulevard.*

#### **3. Alternative 3: Relocating Entire Hospital**

*The total relocation of RMH to another site in the Rockford area was dismissed for two primary reasons. First, the applicants believe that the retaining of selective inpatient and outpatient services, and particularly a comprehensive Emergency Department, on the current RMH site would benefit the residents of the West Side of Rockford, which is core to the hospital's mission. Second, portions of the existing physical plant can continue to be used, with renovation, for inpatient and outpatient services. This alternative would add approximately \$40M in capital costs to the proposed project. These costs would be minimally offset by the staffing costs associated with the operating of two hospital facilities, as is being proposed. This alternative would compromise access to services, and particularly emergency services, if it were selected, and would result in the same level of quality of care as is anticipated under the proposed project. **The approximate capital cost of this alternative is approximately \$515.8 million.***

**4. Alternative 4: Relocating to Southern Wisconsin**

*The construction of a new hospital could be accomplished on land owned by Mercy Health System (a member of Mercy Rockford Health System) adjacent to I-90/39 in southern Wisconsin. The benefit of doing so is the speed at which construction could be initiated, since Wisconsin does not require a CON-type review for such projects. While, and as discussed above, one of the purposes of the project is to centralize specialty services, which could be accomplished at a Wisconsin site, accessibility for Rockford residents (and traditional RMH patients residing to the south and west of Rockford) would be compromised. Although this is the most expeditious approach, it is not preferred since it does not meet all of the applicants' objectives. Depending on the scope of the project, the capital and operating costs would be similar to either the proposed project or Alternative 4, above. The quality of services to be provided would be identical to that of the proposed project and other alternatives. **The approximate capital cost of this alternative is approximately \$485.8 million.***

**5. Alternative 5: Continued Use of RMH and the Relocating of Selected Services to a Second Site in the Rockford Area**

*This alternative represents the proposed project, and was selected for a variety of reasons: 1) it ensures the provision of high quality services in a contemporary setting, 2) it's dual-site approach maximizes accessibility to services, and particularly those of an urgent nature through the operation of two Emergency Departments, 3) it allows for the continued use of newer parts of RMH for traditional hospital services, 4) it provides space to be made available to not-for-profit agencies and organizations, 5) it minimizes unnecessary duplication, and 6) it is a cost-effective approach to addressing the need to provide high quality accessible services to RMH's entire service area in a contemporary setting.*

**X. Section 1110.234 – Project Size, Projected Utilization, Assurance**

**A) Criterion 1110.234 (a) – Size of the Project**

The applicants do not meet the size standard for intensive care beds, surgery, PACU/Recovery and imaging. The applicants stated: “Through the proposed project the

*scope of clinical services at RMH-Rockton Avenue will be significantly reduced. A goal of the facility planning process is to have functions remain in their current locations, to the extent practical. In some instances, such as the hospital's 20-bed AMI, unit no capital costs/renovation are required to continue the units' operation, and the entirety of their current space will be used. In other instances, such as imaging and pharmacy, the amount of future space required for these departments to support anticipated service volumes will be smaller than the space currently required. In most such cases, the decision has been made to retain their current location in the hospital, rather than to incur the capital costs associated with the relocating of a department, simply for purposes of downsizing to IHFSRB standards."*

<b>TABLE FIVE Size of Project</b>						
	<b>Beds Stations Rooms</b>	<b>Proposed DGSF</b>	<b>State Standard</b>		<b>Difference</b>	<b>Met Standard</b>
<b>Department/Service</b>			<b>Room GSF</b>	<b>Total GSF</b>		
Medical/Surgical	70	44,016	660	46,200	(2,184)	Yes
ICU	4	5,586	685	2,740	2,846	No
Surgery	4	21,670	2,750	11,000	10,670	No
PACU/Recovery <sup>(1)</sup>	16	7,995		4,600	3,395	No
Emergency Department	17	15,000	900	15,300	(300)	Yes
Imaging		23,774	5,800	5,800	17,974	No
General Radiology	1		1,300	1,300		
CT	1		900	900		
MRI	1		1,800	1,800		
Ultrasound	1		1,800	1,800		
1. PACU/Recovery is 4 Phase I recovery stations, and 12 Phase 2 recovery stations						

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION SIZE OF PROJECT (77 IAC 1110.234 (a))**

**B) Criterion 1110.234 (b) – Projected Utilization**

The applicants are proposing seventy (70) medical surgical beds, four (4) intensive care beds, twenty (20) acute mental illness beds, four (4) surgery rooms, sixteen (16) observation beds, seventeen (17) station emergency department, one (1) x-ray, one (1) CT scanner, one (1) MRI, and one (1) ultrasound at the Rockton Avenue campus.

The applicants provided projected numbers that indicated that the Rockton Avenue campus will be at target occupancy for both medical surgical beds and emergency department visits within two years after project completion. To reach target occupancy for medical surgical beds the ADC would need to be forty-seven (47) patients.

**TABLE SIX**  
**Projected Utilization**

Service	Existing (2014)	Proposed Beds/Rooms/Stations Rockton Avenue Campus	Ave (2013-2014)	Allocation of Beds Rooms/Stations (2)	Average Utilization (3) (4)	State Standard	Met Standard
<b>Column Number</b>	1	2	3	4	5	6	7
Medical Surgical	223	70	40,478	31.39%	35 ADC <sup>(4)</sup>	75.00%	No
Intensive Care	32	4	6,441	12.50%	3 ADC <sup>(4)</sup>	60.00%	Yes
Acute Mental Illness <sup>(1)</sup>	20	20	4,102	100.00%	12 ADC <sup>(4)</sup>	75.00%	Yes
Observation Beds	16	16	1,507	NA	NA	NA	NA <sup>(5)</sup>
Surgery	14	4	20,853	29.00%	6,057 hours	1,500 Hours	Yes
Emergency	29	17	51,858	62.00%	32,156 Visits	2,000 Visit	Yes
General Radiology	5	1	43,844	20.00%	8,768 Proc.	8,000 Proc.	Yes
Mammography	4	1	12,525	25.00%	3,132 Visits	5,000 Visits	Yes
Ultrasound	3	1	9,766	33.00%	3223 Visits	3,100 Visits	Yes
MRI	3	1	7,131	33.00%	2,353Proc.	2,500 Procedures	Yes
Linear Accelerator	1	1	2,581	100.00%	2,581 Treat.	7,500 Treatments	Yes

1. Acute Mental Illness is not being modernized.
2. Allocation column 2 divided by column 1.
3. Average Utilization for bed services determined by (Column 3 x Column 4)/365
4. For other services average utilization determined by (Column 5 x Column 4)
5. NA – State Board does not have a standard for these beds

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 IAC 1110.234 (b))**

**C) Criterion 1110.234 (e) – Assurance**

The applicants provided the required assurance that the services being proposed will be at target occupancy.

**Javon Bea President and CEO Rockford Health System attested** *“This letter is being written for inclusion in the Certificate of Need applications addressing the establishment of a new hospital on Rockford Memorial Hospital's property located at the intersection of I-90/39 and East Riverside Boulevard in Rockford Township, Winnebago County, Illinois, and the modernization of Rockford Memorial Hospital's current campus, located at 2400 North Rockton Avenue, in Rockford, Illinois. Please be advised that it is my expectation and understanding that by the second year following the projects' completion, each of the IDPH-designated categories of service addressed in the filed Certificate of Need applications will be operating at the IHFSRB's target utilization rate, and that they will, at minimum, maintain this level of utilization thereafter.”*

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION ASSURANCE (77 IAC 1110.234 (e))**

**XI. Section 1110.530 – Modernization**

## **Section 1110.530 – Medical Surgical/Intensive Care Service**

### **A) Criterion 1110.530 (e) – Modernization**

The applicants are proposing to renovate three medical surgical units at the Rockton location. This renovation will be for seventy (70) medical surgical beds in all private rooms. A four (4) bed ICU, intended to primarily support the RMH-Rockton Avenue Emergency Department, will be provided. The proposed ICU represents the minimum-sized unit in order to meet review criterion 1110.530 (g) and, in the view of the applicants, is required to appropriately support a comprehensive Emergency Department

**The applicants stated the following to justify the number of medical surgical beds at the Rockton location:**

- During 2014, on one hundred thirteen (113) days (31%) of the days, the midnight census exceeded the number of Medical/Surgical beds (131) that would be justified by the 110.9 average daily census.
- Surgical patients are now, in most instances, admitted to the hospital on the morning of surgery, rather than the day before. As a result, midnight census---a measure that has been used for decades---is no longer a reasonable basis on which to gauge actual bed utilization. In fact, mid-day census typically exceeds midnight census by approximately 20%.
- In 2013-2014, Rockford Memorial Hospital provided an average of 38,042 Medical/Surgical inpatient days of care (midnight census), yielding an average daily census (ADC) of 104.2 patients, and a "need" for one hundred twenty-three (123) beds, based on the 85% target occupancy rate. However, in addition to the inpatients, an average of 6.7 observation patients per day occupied beds on a Medical/Surgical unit in 2014, resulting in a combined ADC of 110.9 patients, which would support a "need" for 131 Medical/Surgical beds ( $110.9 / .85$ ).

Modernization projects require the use of historical utilization to justify the number of beds being requested. The applicants are requesting a total of seventy (70) medical surgical beds at the Rockton location and are discontinuing one hundred fifty-three (153) medical surgical beds. The Board Staff used an allocation method where we allocated the number of beds proposed as a percentage of beds currently authorized ( $70 \text{ beds} / 223 = 31.39\%$ ). We then allocated the average historical census (ADC 111) based upon that percentage (31.39%) to arrive at an average historical occupancy percentage. As can be seen from the table below the applicants cannot justify the number of M/S beds (70 beds) being modernized at the Rockton Campus location. However the number of intensive care beds is justified based upon historical ADC.

TABLE SEVEN							
1	2	3	4	5	6	7	8
Existing Beds	Proposed	Allocation % Proposed Beds/Existing Beds	2013-2014 Average Daily Census	ADC Column 4 x Column 3	Occupancy % Column 5/Column 2	Number of beds justified	State Standard
<b>Medical Surgical Beds</b>							
223	70	31.39%	111	35	50.00%	47	75.00%
<b>Intensive Care Beds</b>							
32	4	12.50%	18	3	75.00%	5	60.00%

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION MODERNIZATION (77 IAC 1110.530 (e))**

**XII. Section 1110.3030 - Clinical Services Other than Categories of Service**

**Criterion 1110.3030 (e) – Modernization**

**A) Emergency Department**

Per the applicants Rockford Memorial Hospital Rockton Avenue will operate a comprehensive emergency department consisting of seventeen (17) treatment stations. The Level I Trauma Designation will be moved to the Rockford Memorial Hospital-Riverside location. Twelve (12) emergency stations are to be discontinued at the Rockton Avenue location. The Illinois Department of Public Health defines a comprehensive emergency department as a classification of a hospital emergency department where at least one licensed physician is available in the emergency department at all times; physician specialists shall be available in minutes; ancillary services, including laboratory and x-ray, are staffed at all times; and the pharmacy is staffed or "on-call" at all times in accordance with Section 250.710 of the Hospital Licensing Requirements. Six of the remaining seventeen (17) treatment rooms will be equipped as trauma rooms. An allocation of the average emergency visits was made based upon the proposed number of rooms to the existing number of rooms to determine the number of rooms based upon the number of historical visits. See Table below.

TABLE EIGHT						
2013-2014 Average Emergency Visits	Existing Treatment Rooms	Proposed Treatment Rooms	% of Proposed Treatment Rooms/Existing Rooms	Number of Emergency Visits Based Upon Allocation	Number of Rooms Justified	State Standard
51,858	31	17	62%	32,156 Visits	17.00	2,000 Visits

**B) Surgery**

RMH-Rockton Avenue will operate a four (4) operating room surgical suite, using four of the hospital's fourteen existing operating rooms. Each of the operating rooms will



function as a general operating room, available for all specialties, with the exception of cardiovascular surgery and urological surgery, which will not be performed at the hospital. Currently, approximately 64% of the cases performed at RMH are performed on an outpatient basis. This percentage is anticipated to increase slightly at RMH-Rockton Avenue, to approximately 70%. The amount of surgery performed at RMH-Rockton Avenue and RMH-Riverside, combined, is not anticipated to change appreciably from the 20,607 hours experienced in 2014. It is anticipated that approximately 4,500 hours of OR time at RMH-Rockton Avenue will be utilized (including room "turnover") during the first year following the project's completion, and that approximately 5,000 hours will be used the following year.

TABLE NINE						
	Existing Rooms	Proposed Surgery Rooms	Allocation	Average Historical Hours	Number of Rooms Justified	State Standard
Surgery	14	4	29%	20,853	4 Surgery Rooms	1,500 hours

### C) Observation Beds

The applicants are proposing sixteen (16) bed observation beds. 1,507 average observation days was experienced by the Rockton Avenue Campus in CY 2013-2014. The State Board does not have a standard for this service

### D) Cancer Center/Linear Accelerator

The applicants will maintain one (1) linear accelerator at the Rockton Avenue Campus in the Cancer Center. Average historical utilization is 2,581 treatments. The State Board Standard is 7,500 treatments per unit. The applicants have justified this one unit.

### E) Other Services

The remaining services identified in the table below, general radiology, CT, MRI, and ultrasound have met the utilization requirements of the State Board.

TABLE TEN					
Department	State Standard per room	Existing Rooms	Proposed Rooms	Calculated Utilization	Met State Board Criteria
Radiology Imaging	8,000 procedures	5	1	8,769	Yes
CT	7,000 visits	3	1	11,884	Yes
MRI	2,500 procedures	3	1	4,777	Yes
Ultrasound	3,100 visits	3	1	6,543	Yes

Convenient care, laboratory, physical therapy, occupational therapy, respiratory therapy, sleep lab, inpatient dialysis, pharmacy, and wound care will be maintained at the Rockton Avenue Campus. The State Board does not have standards for these services. Nuclear

medicine, mammography, angiography and PET services will not be retained at the Rockton Avenue campus.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION MODERNIZATION OTHER SERVICES THAN CATEGORY OF SERVICES (77 IAC 1110.3030 (e))**

### **XIII. Financial Viability**

#### **A) Criterion 1120.120 - Availability of Funds**

The applicants are funding this project with cash of \$9,993,299. A review of Rockford Health System's and Mercy Alliance, Inc. audited financial statements indicates sufficient cash is available to fund this project.

<b>TABLE ELEVEN Rockford Health System Audited Financial Statements December 31 In thousands of dollars</b>			
<b>Rockford Health System</b>			<b>Rockford Memorial Hospital</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>
Cash	\$45,085	\$46,244	\$40,078
Current Assets	\$102,975	\$165,573	\$121,155
Total Assets	\$547,843	\$542,730	\$351,371
Current Liabilities	\$83,251	\$77,718	\$50,315
LTD	\$85,691	\$88,071	\$57,724
Net Patient Service Revenue	\$385,543	\$358,093	\$308,202
Total Revenue	\$441,813	\$428,913	\$368,512
Expenses	\$443,644	\$428,250	\$332,736
Excess of Revenues over Expenses	\$4,513	\$19,165	\$35,776

<b>TABLE TWELVE Mercy Alliance, Inc. Audited Financial Statements June 30 (Dollars in thousands)</b>		
	<b>2014</b>	<b>2013</b>
Cash	\$22,326	\$13,284
Current Assets	\$141,088	\$122,359
Total Assets	\$726,088	\$677,694
Current Liabilities	\$89,086	\$83,945
Long Term Debt	\$213,017	\$218,178
Total Liabilities	\$325,595	\$329,196
Operating Revenue	\$527,133	\$502,633
Operating Expenses	\$518,128	\$489,585
Operating Income	\$9,005	\$13,048
Excess of Revenues over expenses	\$22,740	\$23,565

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 IAC 1120.120))**

**B) Criterion 1120.130 –Financial Viability**

The applicants have qualified for the financial waiver because all of the funding of the project is being provided from internal sources.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 IAC 1120.130)**

**XIV. Economic Feasibility**

**A) Criterion 1120.140 (a) – Reasonableness of Financing Arrangements**

**B) Criterion 1120.140 (b) – Terms of Debt Financing**

The applicants are funding this project with cash of \$9,993,299. No debt financing is being used to fund this project.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 IAC 1120.140 (a) (b))**

**C) Criterion 1120.140 (c) – Reasonableness of Project Costs**

**Only clinical costs are reviewed. The itemization of cost includes both clinical and non clinical costs.**

**Preplanning Costs** are \$80,000 and are 1.53% of modernization, contingencies, and movable equipment costs. This appears reasonable when compared to the State Board Standard of 1.8% or \$93,896. These costs were for the evaluation of alternatives.

**Modernization Contracts and Contingencies Costs** are \$2,716,465 or \$32 per GSF. This appears reasonable when compared to the State Board Standard of \$273 per GSF.

**Architectural and Engineering Fees** \$271,647 and are 10% of modernization and contingencies fees. This appears reasonable when compared to the State Board Standard of 10.59-15.89%. These costs include the following:

Assessment of Alternatives	\$80,000
Design Services	\$400,000
Governmental Agency Interaction	\$40,000
Inspections/supervision	\$50,000
Miscellaneous/Other	<u>\$43,027</u>
<b>Total</b>	<b>\$613,027</b>

**Consulting and Other Fees** are \$55,000. The State Board does not have a standard for these costs.

CON and permit related	\$80,000
Interiors/furniture selection	\$10,000
Miscellaneous/Other	<u>\$10,000</u>
<b>Total</b>	<b>\$100,000</b>

**Movable and Other Equipment Costs** are \$2,500,000. The State Board does not have a standard for these costs.

IT Related	\$2,500,000
Miscellaneous equipment	<u>\$500,000</u>
<b>Total</b>	<b>\$3,000,000</b>

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 IAC 1120.140 (c))**

**D) Criterion 1120.140 (d) – Direct Operating Costs**

Direct Operating Costs per patient day is \$3476.74. This appears reasonable when compared to previously approved projects.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION DIRECT OPERATING COSTS (77 IAC 1120.140 (d))**

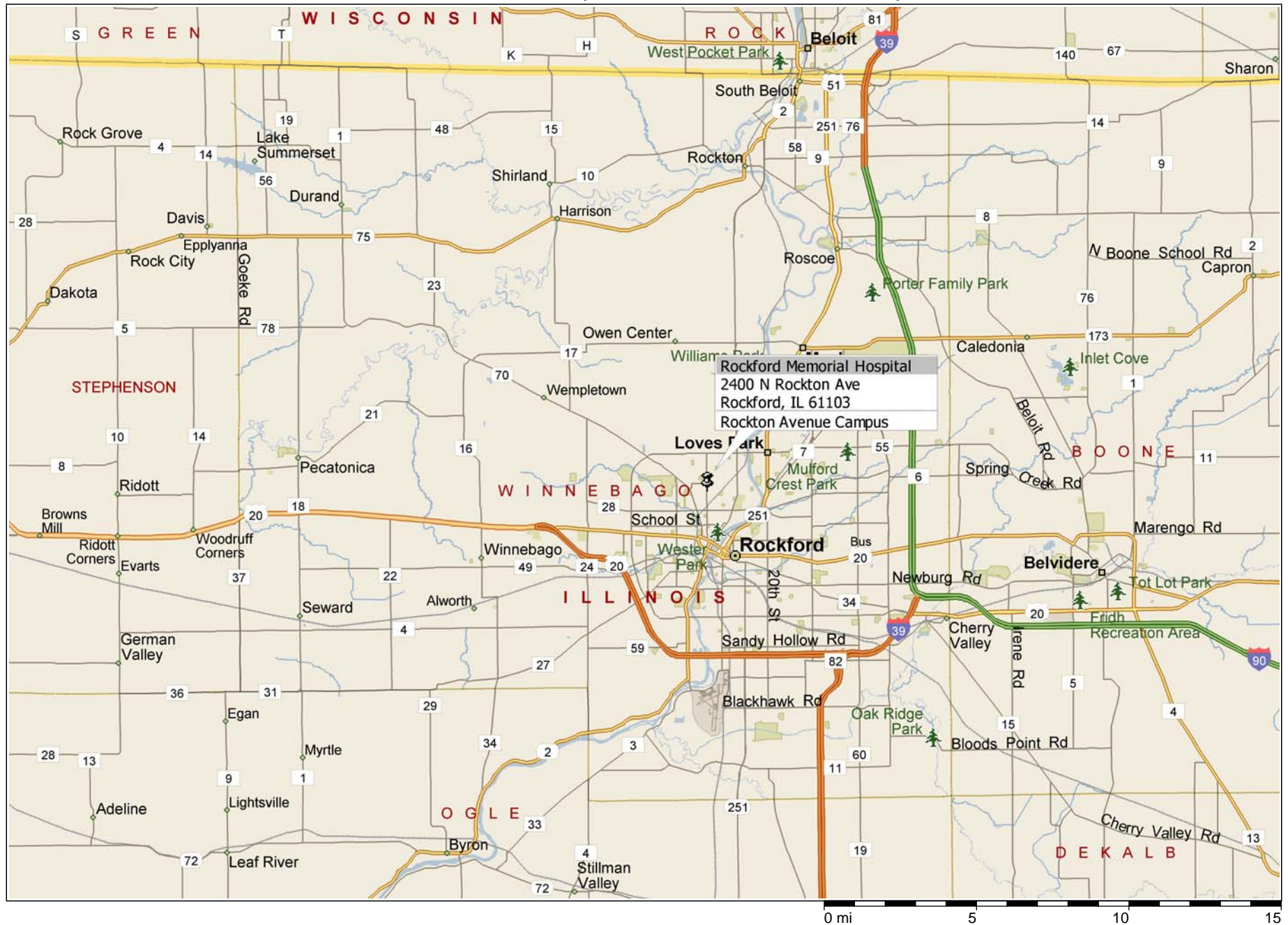
**E) Criterion 1120.140 (e) – Total Effect of the Project on Capital Costs**

The total effect of the project on capital costs is \$1,451.01. This appears reasonable when compared to previously approved projects.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 IAC 1120.140 (e))**

<b>TABLE THIRTEEN</b> <b>Facilities within 45 minutes of Rockford Memorial Hospital (Rockton Avenue Campus) and their 2014 Utilization by Service <sup>(1)</sup></b>														
Name	City	Time	Med-Surg.		ICU		Pediatric		Obstetric		Acute Mental Illness		Neonatal	
			Beds	Occ.	Beds	Occ.	Beds	Occ.	Beds	Occ.	Beds	Occ.	Beds	Occ.
Rockford Memorial Hospital	Rockford	0	223	48.40%	32	53.40%	35	26.20%	35	41.20%	20	56.10%	46	71.20%
SwedishAmerican Hospital	Rockford	8	209	60.90%	30	51.00%	28	7.30%	34	58.90%	32	65.00%		
OSF Saint Anthony Medical Center	Rockford	17	190	60.80%	38	61.30%	13	49.00%	13	28.40%				
SwedishAmerican Medical Center	Belvidere	27	34	1.00%										
Rochelle Community Hospital	Rochelle	41	12	54.30%	4	3.80%								
1. Information taken from 2014 Hospital Profiles														

# 15-038 Rockford Memorial Hospital, Rockton Avenue Campus - Rockford



Ownership, Management and General Information				Patients by Race		Patients by Ethnicity	
ADMINISTRATOR NAME:	Dan Parod			White	76.4%	Hispanic or Latino:	6.3%
ADMINSTRATOR PHONE	815-971-6708			Black	15.6%	Not Hispanic or Latino:	91.4%
OWNERSHIP:	Rockford Health System			American Indian	0.1%	Unknown:	2.3%
OPERATOR:	Rockford Memorial Hospital			Asian	0.4%		
MANAGEMENT:	Not for Profit Corporation (Not Church-R			Hawaiian/ Pacific	0.1%	IDPH Number:	2048
CERTIFICATION:	None			Unknown	7.5%	HPA	B-01
FACILITY DESIGNATION:	General Hospital					HSA	1
ADDRESS	2400 North Rockton Avenue	CITY: Rockford	COUNTY: Winnebago County				

Facility Utilization Data by Category of Service										
Clinical Service	Authorized CON Beds 12/31/2014	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
Medical/Surgical	223	171	171	7,579	37,199	2,199	5.2	107.9	48.4	63.1
0-14 Years				0	0					
15-44 Years				1,196	4,652					
45-64 Years				2,581	11,923					
65-74 Years				1,567	8,416					
75 Years +				2,235	12,208					
Pediatric	35	20	16	991	2,733	618	3.4	9.2	26.2	45.9
Intensive Care	32	28	28	2,435	6,211	24	2.6	17.1	53.4	61.0
Direct Admission				2,014	4,590					
Transfers				421	1,621					
Obstetric/Gynecology	35	35	32	1,684	5,069	192	3.1	14.4	41.2	41.2
Maternity				1,612	4,906					
Clean Gynecology				72	163					
Neonatal	46	46	46	413	11,956	0	28.9	32.8	71.2	71.2
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	20	14	14	681	4,120	0	6.0	11.3	56.4	80.6
Rehabilitation	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	16					1661				
Facility Utilization	391			13,362	67,288	4,694	5.4	197.2	50.4	

(Includes ICU Direct Admissions Only)

Inpatients and Outpatients Served by Payor Source							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	32.9%	29.8%	8.2%	22.5%	-0.7%	7.1%	
	4402	3986	1102	3013	-96	955	13,362
Outpatients	19.3%	38.7%	7.3%	25.9%	3.0%	5.8%	
	18860	37749	7100	25258	2950	5686	97,603

Financial Year Reported:	1/1/2014 to	12/31/2014	Inpatient and Outpatient Net Revenue by Payor Source					Charity Care Expense	Total Charity Care Expense
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals			
Inpatient Revenue ( \$ )	24.6%	30.2%	7.3%	39.2%	-1.3%	100.0%			4,779,953
	51,381,965	63,083,993	15,259,189	81,924,470	-2,775,539	208,874,078	2,456,931		
Outpatient Revenue ( \$ )	14.1%	16.8%	5.3%	62.0%	1.8%	100.0%			Total Charity Care as % of Net Revenue
	17,362,055	20,629,507	6,539,339	76,268,185	2,234,835	123,033,921	2,323,022		1.4%

Birthing Data			Newborn Nursery Utilization			Organ Transplantation	
Number of Total Births:	1,514		Level I	Level II	Level II+	Kidney:	0
Number of Live Births:	1,504		Beds	26	0	Heart:	0
Birthing Rooms:	0		Patient Days	2,735	0	Lung:	0
Labor Rooms:	0		Total Newborn Patient Days		2,735	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	12		Laboratory Studies			Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	0		Inpatient Studies		562,174	Total:	0
C-Section Rooms:	2		Outpatient Studies		255,409		
CSections Performed:	594		Studies Performed Under Contract		765,452		



**Surgery and Operating Room Utilization**

<b>Surgical Specialty</b>	<b>Operating Rooms</b>				<b>Surgical Cases</b>		<b>Surgical Hours</b>			<b>Hours per Case</b>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	1	1	110	0	790	0	790	7.2	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	4	4	1451	1723	3751	3446	7197	2.6	2.0
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	2	2	513	209	1921	478	2399	3.7	2.3
OB/Gynecology	0	0	1	1	95	744	194	1387	1581	2.0	1.9
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	0	1	1	13	2017	30	1855	1885	2.3	0.9
Orthopedic	0	0	2	2	1034	687	3107	1811	4918	3.0	2.6
Otolaryngology	0	0	1	1	46	592	90	855	945	2.0	1.4
Plastic Surgery	0	0	0	0	0	0	0	0	0	0.0	0.0
Podiatry	0	0	0	0	0	0	0	0	0	0.0	0.0
Thoracic	0	0	0	0	0	0	0	0	0	0.0	0.0
Urology	0	0	2	2	158	264	480	1062	1542	3.0	4.0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>14</b>	<b>3420</b>	<b>6236</b>	<b>10363</b>	<b>10894</b>	<b>21257</b>	<b>3.0</b>	<b>1.7</b>
<b>SURGICAL RECOVERY STATIONS</b>			Stage 1 Recovery Stations		14		Stage 2 Recovery Stations		18		

**Dedicated and Non-Dedicated Procedure Room Utilization**

<b>Procedure Type</b>	<b>Procedure Rooms</b>				<b>Surgical Cases</b>		<b>Surgical Hours</b>			<b>Hours per Case</b>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	6	6	710	1755	533	1578	2111	0.8	0.9
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	2	2	49	3540	49	3540	3589	1.0	1.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
<b>Multipurpose Non-Dedicated Rooms</b>											
Peds GI	0	0	1	1	22	362	31	448	479	1.4	1.2
Bronchoscopy	0	0	1	1	703	301	1055	199	1254	1.5	0.7
	0	0	0	0	0	0	0	0	0	0.0	0.0

**Emergency/Trauma Care**

Certified Trauma Center	Yes
Level of Trauma Service	<b>Level 1</b>
	1 Adult and Pedi:
Operating Rooms Dedicated for Trauma Care	1
Number of Trauma Visits:	11,040
Patients Admitted from Trauma	1,005
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	29
Persons Treated by Emergency Services:	43,298
Patients Admitted from Emergency:	7,918
Total ED Visits (Emergency+Trauma):	<b>54,338</b>

**Free-Standing Emergency Center**

Beds in Free-Standing Centers	
Patient Visits in Free-Standing Centers	
Hospital Admissions from Free-Standing Center	

**Outpatient Service Data**

Total Outpatient Visits	<b>283,629</b>
Outpatient Visits at the Hospital/ Campus:	279,439
Outpatient Visits Offsite/off campus	4,190

**Cardiac Catheterization Labs**

Total Cath Labs (Dedicated+Nondedicated labs):	<b>2</b>
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

**Cardiac Catheterization Utilization**

Total Cardiac Cath Procedures:	<b>2,165</b>
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	881
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	482
EP Catheterizations (15+)	802

**Cardiac Surgery Data**

Total Cardiac Surgery Cases:	<b>110</b>
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	110
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	77

**Diagnostic/Interventional Equipment****Examinations****Therapeutic Equipment****Therapies/ Treatments****Owned Contract****Inpatient****Outpt****Contract****Owned Contract**

General Radiography/Fluoroscopy

5

0

22,820

20,972

5

Lithotripsy

0

1

8

Nuclear Medicine

3

0

448

1,188

293

Linear Accelerator

1

0

2,751

Mammography

4

0

0

12,489

0

Image Guided Rad Therapy

0

Ultrasound

3

0

2,913

7,314

0

Intensity Modulated Rad Thrp

826

Angiography

2

0

0

0

0

High Dose Brachytherapy

1

0

14

Diagnostic Angiography

4,248

2,100

0

Proton Beam Therapy

0

0

0

Interventional Angiography

0

0

293

Gamma Knife

0

0

0

Positron Emission Tomography (PET)

0

1

0

0

23

Cyber knife

0

0

0

Computerized Axial Tomography (CAT)

3

0

7,234

10,627

12

Magnetic Resonance Imaging

3

0

1,714

5,428



## SAINT ANTHONY MEDICAL CENTER

### VIA OVERNIGHT DELIVERY

October 27, 2015

Ms. Courtney R. Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
2nd Floor  
Springfield, IL 62761

**Re: Response to Safety Net Impact Statement  
Rockford Memorial Hospital  
Project Nos. 15-038 and 15-039**

Dear Ms. Avery:

OSF Saint Anthony Medical Center in Rockford submits this Response to the Safety Net Impact Statement filed by MercyRockford in connection with its Certificate of Need ("CON") applications for a new hospital and reconfiguration of its existing hospital. MercyRockford proposes to eliminate many critical health care services from its current location in the underserved west side of Rockford and replicate those services to the east side of Rockford. MercyRockford's Safety Net Impact Statement (the "Statement") is a one-page cursory summary that does not describe the full impact of its proposed move nor does it satisfy the requirements of the Illinois Health Facilities Planning Act (the "Planning Act") for a Statement.

According to the Planning Act, "support for safety net services must continue to be [a] central tenet of the Certificate of Need process." 20 ILCS 3960/2. "Safety net services" are defined as services provided by health care providers that "deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation." 20 ILCS 3960/5.4(b). MercyRockford's proposed new hospital on the east side and resulting relocation of numerous critical services, such as a Level I Trauma Center, Open Heart Surgery and Cardiac Catheterization Services, away from the west side is contrary to the Planning Act's intent to support safety net services.

### **I. IMPACT ON THE WEST SIDE COMMUNITY AND ITS RESIDENTS**

MercyRockford plans to eliminate many critical health care services at its west side location and move those services to the east side of Rockford, eight miles away from its current location. The proposed move would have a devastating effect on west side residents who depend on those services. MercyRockford is located on the west side of Rockford in proximity to a large federally-designated Health Professional Shortage Area (HPSA). In addition, the area Healthy Community Study reflects that nearly 50% of the population of Winnebago County is medically

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underserved and most of this population is on Rockford's west side. Many of the community's residents are elderly or indigent, and do not have ready access to transportation. MercyRockford's potential move will reduce access to health care services for west side residents.

**A. MercyRockford's Proposed Move Of Critical Services, Including The Level I Trauma Center**

Despite the fact that the west side of Rockford is located in a HPSA and is medically underserved, MercyRockford plans to move a number of critical services out of the community, including:

- Level I Trauma Center;
- Cardiac Catheterization Services;
- Open Heart Surgical Services;
- Pediatric ICU;
- Neonatal ICU; and
- Obstetrics.

The elimination of these critical services on the west side will have a harmful effect on the community. Level I Trauma Centers provide immediate, comprehensive care for every kind of injury, and MercyRockford proposes relocating it to the east side. The remaining emergency department on the west side will not even constitute a Level II Trauma Center—MercyRockford plans to seek designation as a comprehensive emergency department, and its emergency department will be reduced from 31 to 17 treatment stations. These changes constitute a severe reduction of services and capabilities compared to a Level I or Level II Trauma Center. In addition, there is no evidence in MercyRockford's Statement or CON applications that it has consulted with IDPH about this serious shift in emergency services in the Rockford community.

IDPH defines Level I Trauma Centers as hospitals participating in an approved EMS system and designated by IDPH to provide optimal care to trauma patients and provide all essential services in-house, 24 hours per day, including:

- 24-hour in-house staffing by trauma surgeons, emergency medicine physicians and anesthesiologists;
- Prompt availability of care in such specialties as: (i) Orthopedic surgery; (ii) Neurosurgery; (iii) Critical care; (iv) Radiology; (v) Internal medicine; (vi) Pediatric; (vii) Plastic surgery; (viii) Oral and maxillofacial (jaws and face); and
- Resources to welcome and treat patients who are referred by non-Level I Trauma Centers throughout northern Illinois or from other nearby communities, such as Winnebago, Seward and Pecatonica.

Currently, if west side residents are involved in emergencies such as car accidents or gunshot wounds, they would be rushed to MercyRockford. If MercyRockford moves its Level I Trauma Center to the east side, patients with life-threatening emergencies would need to travel at least 25 more minutes in an ambulance to MercyRockford's proposed east side Level I Trauma Center.

As noted in IDPH's *Trauma Center Feasibility Study*, the geographic proximity to a trauma center is important because proximity correlates with prehospital transport time. The farther away a patient is from a trauma center, the longer it may take to travel to the trauma center, and "longer transport times often contribute to a higher mortality."<sup>1</sup> MercyRockford is moving critical emergency services out of the community.

In addition to moving the Level I Trauma Center, MercyRockford plans to move the region's only NICU to the east side of Rockford, as well as leaving the west side with no cardiac catheterization or open heart surgical services. These changes will reduce access for a community that is already medically underserved and will harm Rockford's safety net.

#### **B. MercyRockford Is Significantly Curtailing Emergency Services On The West Side**

MercyRockford is reducing its emergency room stations on the west side from 31 to 17, and moving 10 stations to the east side. The majority of Rockford Memorial's patients, however, remain on the west side. Not only are trauma services being removed, but the remaining emergency department will be undersized based on the proximity of the population. In fact, Rockford Memorial's 2014 ED visits at the west side location were 54,338 which justified 28 stations compared to the 17 stations the MercyRockford is leaving on the west side. This is a critical reduction of necessary services, especially given the reduction of physicians and physician services on the west side.

It is not reasonable to assume that patients from the west side will easily make the additional 20 minute drive to a new emergency department located far on the east side. Consequently, the patient demand will continue at the west side location, with little movement to the proposed east side campus. In spite of the addition of immediate care capabilities at the west side location, the facility will not be large enough to accommodate the volumes on the west side. As a result, wait times will be severely extended for patients needing treatment. Should west side patients alternatively seek treatment at other facilities, namely SwedishAmerican and, to a lesser extent OSF Saint Anthony those facilities will encounter increases in emergency room visits that their facilities are not currently designed to handle.

Further, the percentage of people utilizing public transportation is very high on the west side, as demonstrated by the Rockford Area Transportation Study. Public transportation is not a satisfactory way to transport patients that need emergency treatment. Mercy has offered to provide

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<sup>1</sup> Illinois Department of Public Health, *Trauma Center Feasibility Study*, Jan. 2, 2015, 2, available at [http://dph.illinois.gov/sites/default/files/publications/Trauma\\_Center\\_Feasibility\\_Study.pdf](http://dph.illinois.gov/sites/default/files/publications/Trauma_Center_Feasibility_Study.pdf).

shuttle service. However, patients will still need to get to the west side for transport to the east side location. A shuttle bus is not a satisfactory means of transportation for patients needing emergency treatment. The alternatives are extremely long waits at the west side Campus or an expensive ambulance trip.

Notwithstanding that emergency rooms are not intended to be a source of obtaining primary care, the reality is that with the reduction of physician services on the west side, more people will likely utilize the emergency department thereby exacerbating things further for the west side.

### **C. MercyRockford's Community Benefit Plan**

MercyRockford published a 2014-2017 Implementation Plan for its Community Benefit Plan, nowhere disclosing its proposal to discontinue critical health services on the west side of Rockford by moving those services to the east side. In fact, in describing its strategy to improve the general health of individuals living in the primary service area, the Community Benefit Plan states that MercyRockford will "continue to develop and offer various access sites and venues for primary care (adult and pediatric) medical services." Instead, MercyRockford proposes a major shift of its services to a new hospital in a less needy area, thereby reducing access sites and making care more difficult for residents of its primary service area.

MercyRockford also states that it will maintain commitment to the women and children of the community as the "exclusive provider of comprehensive tertiary services (including perinatal, maternal, neonatal and pediatric intensive care services) and ensure excellent outcomes for mothers, infants, and children." MercyRockford does not reveal that it plans to move its pediatric ICU and neonatal ICU to the east side of Rockford, thereby reducing access to its services for west side residents, contrary to its statement to "maintain commitment" to the women and children of its community.

### **D. Impact On Other Providers In Rockford**

The proposed new MercyRockford hospital will be located in a different area of the city, likely drawing patients away from the existing providers in the area. The resulting losses will reduce the ability of the existing hospitals to cross-subsidize safety net services that they currently provide to the community. In addition, west side residents will need to travel to other providers who are closer to the west side, shifting long established patient treatment patterns in the Rockford area.

## **II. MERCYROCKFORD'S FAILURE TO COMPLY WITH THE ACT'S REQUIREMENTS FOR SAFETY NET IMPACT STATEMENTS**

The Planning Act sets forth a number of requirements for applicants to include in Safety Net Impact Statements, including a certification describing the amount of charity care provided by the applicant for the three years prior to the application.

MercyRockford's Statement fails to provide a certification describing the amount of charity care provided over the past three years. Instead, MercyRockford touts itself as the largest area provider of inpatient charity care services in 2013, but it is not actually the largest provider of charity care services in Rockford. In fact, of Rockford's three hospitals, MercyRockford has the lowest average percentage of net revenue dedicated to charity care over the past three years shown in the below table. MercyRockford's total charity care as a percentage of net revenue fell a full two percentage points between CY 2013 and CY 2014.

MercyRockford's new parent entity, Mercy Alliance, Inc., has a history of providing a low level of charity care services in the community. Mercy's Harvard Memorial Hospital reported only 0.2% of charity care as a percentage of net revenue in 2014. The below table further illustrates the charity care services provided by Rockford Memorial Hospital, OSF Saint Anthony Medical Center, SwedishAmerican Hospital, and Mercy Harvard Memorial Hospital over the past three years.

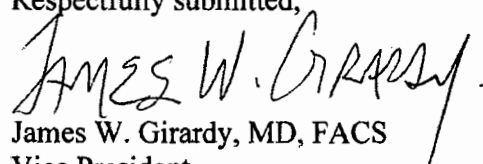
<b>Charity Care Services</b>			
<b>Year</b>	<b>Hospital</b>	<b>Total Charity Care Expense</b>	<b>Total Charity Care as % of Net Revenue</b>
<b>CY 2014</b>	Rockford Memorial Hospital	\$4,779,953	1.4%
	OSF Saint Anthony Medical Center	\$6,924,818	2.1%
	Swedish American Hospital	\$8,666,418	2.2%
<b>CY 2013</b>	Rockford Memorial Hospital	\$10,770,825	3.4%
	OSF Saint Anthony Medical Center	\$10,933,026	3.4%
	Swedish American Hospital	\$11,128,034	3.1%
<b>CY 2012</b>	Rockford Memorial Hospital	\$8,963,540	2.9%
	OSF Saint Anthony Medical Center	\$8,825,481	2.8%
	Swedish American Hospital	\$12,000,213	3.4%
<b>Average Over Last 3 Years</b>	Rockford Memorial Hospital	\$8,171,439	2.6%
	OSF Saint Anthony Medical Center	\$8,894,442	2.8%
	Swedish American Hospital	\$10,598,222	2.9%
<b>CY 2014</b>	Mercy Harvard Memorial Hospital	\$57,976	0.2%
<b>CY 2013</b>		\$150,919	0.7%
<b>CY 2012</b>		\$307,687	1.3%
<b>Average Over Last 3 Years</b>		\$172,194	0.7%

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October 27, 2015  
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### **Conclusion**

MercyRockford's Statement glosses over key components to safety net services, such as increasing accessibility and reducing barriers to services. The reason that the Statement does not focus on those points is because the proposed new hospital and reconfigured existing hospital will harm the region's safety net and limit access to health care services for Rockford's west side.

Respectfully submitted,

A handwritten signature in black ink that reads "James W. Girardy". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

James W. Girardy, MD, FACS  
Vice President  
Chief Surgical Officer